

Message Text

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EXDIS

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TAGS: PFOR, EETW, MILI, CH, UK, JA
SUBJ: IMPLICATIONS FOR JAPANESE OF UK SPEY ENGINE SALE

SUMMARY: FONOFF ASIAN BUREAU WORRIED ABOUT POSSIBLE STRATEGIC IMPLICATIONS OF SALE BY BRITAIN OF SPEY ENGINE TO PEKING. JAPANESE ARE CONCERNED: A) SALE COULD EVENTUALLY GIVE CHINA AN ADVANTAGEOUS PRODUCTION CAPABILITY OF STRATEGIC WEAPONRY; B) SALE INCREASES MILITARY CAPABILITY OF JAPANESE NEIGHBOR; AND C) ENGINE OR TECHNOLOGY MIGHT BE TRANSFERRED TO THIRD PARTY, PARTICULARLY, NORTH KOREA. FOR THESE REASONS, JAPANESE REGRET THAT SALE WAS NOT RETURNED TO COCOM AND, MOREOVER, FEAR THAT THIS SALE IS AN UNWISE PRECEDENT FOR COCOM. ACTION REQUESTED: ASSESSMENT OF IMPLICATIONS OF SALE TO CONVEY TO FONOFF. END SUMMARY.

1. FONOFF IS CONCERNED ABOUT THE STRATEGIC IMPLICATIONS OF SALE TO CHINA BY BRITAIN OF ROLLS ROYCE SPEY ENGINE AND TECHNOLOGY AND IS CONSIDERING HIGH LEVEL DEMARCHE TO BRITISH AND PERHAPS ALSO TO US. JAPANESE REGRET INCAUTIOUS BRITISH INDIFFERENCE TO COCOM. FONOFF CHINA DIVISION (MINE-FOR DIRECTOR FUJITA) APPROACHED US ABOUT THESE CONCERNS. MINE SAID THAT IN ITS ASSESSMENT OF THE SPEY SALE, FONOFF ASIAN BUREAU CONCLUDED THAT STRATEGIC BALANCE IN NE ASIA WOULD NOT BE UPSET BY THE TECHNOLOGY TRANSFER, NEVERTHELESS, CERTAIN ASPECTS OF THE SALE WORRY THE FONOFF. RAMIFICATIONS FOR JAPAN ARE NOT SAME AS FOR UK OR US. JAPAN, LIKE CHINA IN THIS INSTANCE, IS AN IMPROTER NOT A PRODUCER OF ITS
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HIGHLY SOPHISTICATED MILITARY HARDWARE. WILL THIS TECHNOLOGICAL

TRANSFER EVENTUALLY ALTER CHINA'S POSITION AND DISADVANTAGE JAPAN (IN THE MILITARY AND NOT ECONOMIC SENSE)? JAPAN'S GEOGRAPHICAL PROXIMITY TO CHINA ALSO POSES CONSIDERATIONS WHICH NEITHER THE UK OR US HAS TO PONDER, MINE COMMENTED. THIRDLY, ARE THERE CREDIBLE GUARANTEES WRITTEN INTO THE CONTRACT WHICH WILL PREVENT PEKING FROM SALE OR TRANSFER TO THIRD COUNTRIES? MINE SAID THIS LATTER QUESTION WAS OF PARTICULAR CONCERN TO THE NA AFFAIRS SECURITY DIVISION (TERADA) WHICH FEARS THAT PEKING MIGHT AT SOME STAGE PROVIDE PYONGYANG ADVANCED MILITARY AIRCRAFT. ALREADY WITH A CLEAR ADVANTAGE IN AIRPOWER, PYONGYANG'S ENHANCED CAPABILITY COULD DANGEROUSLY UPSET THE BALANCE BETWEEN NORTH AND SOUTH KOREA.

2. THE JAPANESE REALIZE THAT THE ENGINE SALE PROVIDES ONLY ONE COMPONENT OF AN ADVANCED FIGHTER AIRCRAFT AND THAT BODIES AND ADVANCED COMPUTER TECHNOLOGY ARE STILL BEYOND CHINESE CURRENT CAPABILITY. BUT FONOFF IS WORRIED THAT THROUGH DIVERSE MEANS, PARTICULARLY FOLLOWING THIS FAILURE TO SUPPORT THE SALE TO COCOM SCRUTINY, THE CHINESE COULD EVENTUALLY BE IN POSITION TO MAKE TECHNOLOGICAL BREAKTHROUGHS OF MAJOR STRATEGIC PROPORTIONS. IN RESPONSE TO PROBING, MINE DENIED THAT THERE WAS ANY SIGNIFICANT CONCERN FROM AN ECONOMIC/COMMERCIAL ANGLE. WORRY ABOUT THE SECURITY OF JAPAN PROMPTED THEIR INQUIRY. ON POSITIVE SIDE, MINE NOTED WITH SATISFACTION THAT CHINESE DEFENSE CAPABILITY AGAINST THE SOVIETS WOULD BE ENHANCED.

3. MINE THEN ASKED FOR OUR ASSESSMENT OF THE SALE. EMBOFF AGREED TO SEEK AN EXPERT ASSESSMENT FROM WASHINGTON, BUT RESPONDED ON PERSONAL BASIS THAT THE SALE AND TECHNOLOGY TRANSFER DID NOT SEEM TO HAVE MAJOR STRATEGIC SIGNIFICANCE. WE REGRETTED THAT THE UK HAD NOT RETURNED THE ISSUE TO COCOM FOR REVIEW. NEVERTHELESS, PRODUCTION OF THE ENGINE BY THE CHINESE IS STILL YEARS AWAY, AT A TIME WHEN WE WILL INEVITABLY HAVE PROCEEDED TO EVEN MORE SOPHISTICATED WEAPONRY. MOREOVER, SINCE THE ENGINE WOULD NOT PROVIDE THE CHINESE ANY INTERCONTINENTAL CAPABILITY, EMBOFF DOUBTED THAT THE US WOULD FEEL THE STRATEGIC BALANCE UPSET BY THIS TRANSFER. AS FOR JAPAN AND THE ROK, THEIR SECURITY IS PROVIDED BY DEFENSE ARRANGEMENTS WITH THE US AND SO LONG AS THESE ARRANGEMENTS ARE INTACT, PRODUCTION OF THE SPEY ENGINE ALONE WOULD NOT ADVANCE CHINESE RELATIVE CAPABILITY SUFFICIENTLY TO THREATEN OUR ALLIES. FINALLY, THIS IMPROVEMENT IN CHINESE CAPABILITY SEEMS MORE RELEVANT

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IN THE SINO-SOVIET CONTEXT.

4. COMMENT. DESPITE IMPROVED TIES WITH CHINA AND A DESIRE TO SEE CHINA STRONG ENOUGH TO SERVE AS COUNTER TO THE SOVIETS, THIS APPROACH BY THE FONOFF REMINDS US OF THE AMBIVALENT FEELINGS THE JAPANESE STILL HAVE FOR THE PRC. THIS APPEARS ESPECIALLY TRUE REGARDING ENHANCEMENT OF CHINA'S OFFENSIVE MILITARY CAPABILITY. JAPANESE ALSO RETAIN GREATER INTEREST IN COCOM THAN THE EUROPEANS

AND WORRY THAT IN THE ATMOSPHERE OF DETENTE AND RAPPROCHEMENT THE EUROPEANS WILL IMPROVE CHINA'S MILITARY POSITION WITHOUT DUE REGARD FOR POSSIBLE LATER CONSEQUENCES. DESPTE MINE'S DISAVOWAL, MANY JAPANESE WOULD ALSO REGRET THE ECONOMIC/COMMERCIAL IMPLICATIONS OF THIS FURTHER RELAXATION OF COCOM CONTROLS.

5. WE WOULD APPRECIATE DEPARTMENT'S ASSESSMENT OF IMPLICATIONS OF SPEY SALE. HOPEFULLY IN TIME TO CONVEY TO FONOFF AT END OF NEW YEAR HOLIDAY, JAN 4.
HODGSON

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